

**OTHELLO SCHOOL DISTRICT No. 147**  
**Adams County, Washington**  
**September 1, 1992 Through August 31, 1993**

---

**Schedule Of Federal Findings**

---

1. The District Should Ensure Parent Involvement In The Chapter 1 Grant

Parental involvement for fiscal year 1993 Department of Education ESSIA Chapter 1 program (CFDA 84.010) did not comply with federal regulations. The district did not meet with or involve parents of children served by the Chapter 1 program.

Per the Department of Education compliance supplement as specified in Section 1016 of Chapter 1 (34 CFR 200.34):

- a. Parents of served students should be meaningfully involved in the planning, design, and implementation of the Chapter 1 program parent involvement plan.
- b. A written plan should be developed, in coordination with Chapter 1 program parents, which includes goals, activities and procedures, and an assessment process.
- c. The district should assess, through consultation with parents, the effectiveness of the parental involvement program and determine what action needs to be taken to increase parental involvement.

In the absence of parental involvement that meets the federal requirements, the district was not in compliance with the requirements of the Chapter 1 federal program.

We recommend that the required level of parental involvement be obtained.

2. Payroll Charges To Federal Programs Should Comply With Federal Regulations

Payroll expenditures for fiscal year 1993 Department of Education ESSIA Chapter 1 program (CFDA 84.010) did not comply with federal regulations. Charges to the program were processed through the school district's payroll system using a predetermined rate. The district prepares records documenting the actual employee hours used for the Chapter 1 program. In fiscal year 1993, the actual time used for the program varied from the rate applied and charged to the program for reimbursement by an unknown amount.

The U.S. Office of Management and Budget (OMB) Circular A-87, *Cost Principles Applicable to Grants and Contracts*, establishes standards for documentation and allowability to costs charged to federal programs. Among these standards are:

- a. Amounts charged to grant programs for personal services will be based on payrolls supported by time and attendance or equivalent records for individual employees.
- b. Salaries and wages of employees chargeable to more than one grant program or other cost objective must be supported by appropriate time distribution records.

In the absence of a reliable system that meets the federal requirements, payroll costs were charged to the Chapter 1 program for services not provided to the program. (See Schedule of Questioned Costs.)

We recommend the implementation of a time reporting system that complies with OMB Circular A-87 for all federal programs that are charged through payroll.